

## **SETTLEMENT AGREEMENT**

### **I. Parties**

This Settlement Agreement ("Agreement") is entered into between the State of Michigan (the "State"), and Oakwood Heathcare Inc. ("Oakwood"), a Michigan corporation, acting through their authorized representatives (hereafter referred to as "the Parties")

### **II. Preamble**

As a preamble to this Agreement, the Parties agree to the following:

- A. Oakwood operated medical practices located at 1331 Monroe Street, Dearborn, Michigan 48124 and 21031 Michigan Avenue, Dearborn, Michigan 48124, that formerly employed Yasser Awaad, M.D. ("Dr. Awaad") from approximately August 1, 1999 until approximately March 31, 2007.
- B. Dr. Awaad participated in the Medicaid program (Program Identification Numbers 10/4117128, 10/4222974 and 10/4632711) during the period he was employed by Oakwood.
- C. From approximately December 2002 until the present, the State has conducted and is continuing to conduct an investigation of Dr. Awaad relating to his coding and billing for evaluation and management ("E & M") services rendered to Medicaid patients; namely, whether the services rendered and documented justified the level of service billed (the "Investigation").
- D. The State contends that it may have certain criminal and/or civil claims against Oakwood and Dr. Awaad for engaging in the following conduct (hereinafter referred to as the "Covered Conduct"): possible false and/or erroneous coding and billing for E & M services rendered by Dr. Awaad, while employed by Oakwood, to Medicaid patients, including insufficient documentation to justify the level of service coded and billed.

E. From approximately December 2003 until the present, Oakwood has cooperated fully and completely with the State in its investigation of Dr. Awaad.

F. As part of its continuing cooperation with the State's investigation, Oakwood authorized its attorneys, Dykema Gossett PLLC, to retain Deloitte and Touche LLP ("D & T") to conduct an audit of the claims submitted by Oakwood for certain medical services provided by Dr. Awaad during his employment with Oakwood and, based on the results of such audit, Oakwood disclosed to the State certain overpayments it received for E & M services rendered by Dr. Awaad to Medicaid patients.

G. The data and information D & T reviewed included protected health information ("PHI") under the Health Insurance Portability and Accountability Act. The D & T audit and results of such audit include confidential and proprietary Oakwood business information.

H. In addition to the matters being investigated by the State, Oakwood voluntarily disclosed to the State that, in a number of instances, there was insufficient documentation to establish that a separately-identifiable and medically-necessary E & M service was rendered in addition to certain procedures that were being performed for Medicaid patients.

I. This Agreement is neither an admission of facts or liability by Oakwood, nor a concession by the State that its allegations are not well founded. Oakwood expressly denies the allegations set forth in Paragraph D.

J. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties reach a full and final settlement pursuant to the Terms and Conditions below.

### **III. Terms and Conditions**

A. Oakwood will pay to the State the sum of Three Hundred and Nine Thousand One Hundred Forty Dollars (\$309,140) in full and complete settlement of any civil or administrative claims the State may have against Oakwood arising out of and/or relating to the Covered Conduct.

B. Oakwood will provide payment in full within twenty (20) days of both parties signing this Agreement.

C. The parties agree that this Agreement does not affect any criminal, civil, common law and/or administrative claims the State may have against Dr. Awaad individually arising out of and/or relating to services Dr. Awaad rendered to Medicaid patients, during his employment with Oakwood, including, but not limited to, coding and billing for E&M services rendered to Medicaid patients.

D. The State hereby releases and forever discharges Oakwood, its affiliates and its directors, officers, agents, employees and former employees, excluding Dr. Awaad, from any and all civil or administrative monetary claim the State has for the Covered Conduct.

E. Notwithstanding any term of this Agreement, the State specifically does not release any person or entity from any of the following claims or liabilities:

1. any civil, criminal, or administrative liability arising under State of Michigan revenue codes;
2. any criminal liability not specifically released by this Agreement;
3. any civil liability that Oakwood has or may have under state statute, regulation, or rule not covered by this Agreement;
4. any liability to the State for any conduct other than the Covered Conduct;
5. any liability which may be asserted by private payors or insurers, including those that are paid by the State's Medicaid program on a capitated basis;
6. any liability based upon obligations created by this Agreement;
7. except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from the State's Medicaid program;
8. any express or implied warranty claims or other liability for defective or deficient products and services provided by Oakwood;
9. any liability for personal injury or property damage or for other consequential damages arising from the Covered Conduct; or
10. any liability based on a failure to deliver items or services due.

F. Oakwood agrees to continue to cooperate fully and truthfully with the Investigation of individuals and entities not released in this Agreement. Upon reasonable notice, Oakwood shall encourage, and agrees not to impair, the cooperation of its directors, officers, and employees, and shall use its best efforts to make available, and encourage the cooperation of former directors, officers, and employees for interviews and testimony, consistent with the rights and privileges of such individuals.

G. The individuals signing this Agreement on behalf of Oakwood represent and warrant that they are authorized by Oakwood to execute this Agreement on behalf of the Oakwood. The individuals signing this Agreement on behalf of the State of Michigan represent and warrant that they are signing this Agreement in their official capacities and are authorized by the State of Michigan to execute this Agreement.

H. This Agreement is binding on Oakwoods's successors, transferees, heirs and assigns.

I. All Parties consent to the disclosure of this Agreement, and information about this Agreement, to the public, excluding information that is exempt from disclosure under the Michigan Freedom of Information Act.

J. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

STATE OF MICHIGAN

By: James W. Heath

Its: Assistant Attorney General

Dated: 08/25/09

OAKWOOD HEALTHCARE, INC.

By: Gregory M. D. Williams

Its: EVP/CFO

Dated: JULY 6, 2009